

Revenue and Financing Policy

Introduction

This policy outlines the choices Council has made about the appropriate funding of operational and capital expenditure from the sources¹ of funds listed in the Local Government Act 2002 (LGA). The policy also shows how Council has complied with section 101(3)².

Determining the appropriate way to fund Council activities is complex. It is a process that takes account of many variables including, but not limited to, the following matters to assess funding needs:

- Legal
- Social
- Competition
- Affordability
- Impact of change
- Efficiency
- Equity
- Cost
- Intergenerational equity
- Transparency
- Accountability
- Business
- Strategic Alignment
- Benefit

In determining the appropriate Revenue and Financing Policy, Council plans to meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses.

Funding Principles

Council has determined the following basic principles to guide the appropriate use of funding sources.

- User charges are preferred when a private benefit can be identified and it is efficient to collect the revenue.
- External subsidies, grants and other revenue options are fully explored prior to rates being used.

¹ The sources of funds are listed in section 103(2).

² All legislative references are to the Local Government Act 2002 unless otherwise stated.

- Each generation of ratepayers should pay for the services they receive, and borrowing can assist to achieve this outcome.
- Capital expenditure to replace assets that reach their projected economic life is firstly funded from asset renewal reserves built up over time by funding depreciation, rates or borrowing.
- Capital expenditure to upgrade or build new assets is funded firstly from other sources (e.g. subsidies, grants, fundraising, financial contributions) and then borrowing.

Complying with these principles can at times be challenging. The Council must apply judgment in assessing many options to determine appropriateness in its development of budgets or acquisition of assets and the choice of funding sources to implement these.

Related Policies

The **Development and Financial Contributions Policy** provides further analysis, as required by section 106(2)(c). This explains why Council has chosen to use financial contributions but not development contributions to fund the capital expenditure needed to meet increased demand for community infrastructure.

The **Westland District Plan** and the **Te Tai o Poutini Plan** determine those matters that financial contributions are required under the Resource Management Act 1991.

The **Liability Management Policy** places restrictions on the use of borrowing as a funding source.

The **Investment Policy** places conditions on how surplus funds should be invested, the reasons for holding investments, the type of investments that may be held, and how they might be used as a source of funds.

The **Rating Policy**, sits with the Funding Impact Statement, and further clarifies the funding requirements of Council by documenting matters not included in the Funding Impact Statement, rates resolution or this policy. It includes the allocation of activity rates requirements to different rate types, detailed definitions and maps for rating areas.

The **Funding Impact Statement** is included in each Long-term Plan and Annual Plan as required by clauses 15 or 20 of Schedule 10. This statement shows the basis for the rates calculation for the following year.

Together the above documents form the necessary components to lawfully charge under the LGA for the revenue requirements of Council. Council must also comply with other legislation in regard to the setting of some fees and charges and the Local Government (Rating) Act 2002 for the setting of rates.

Previous reviews

Council must prepare a Long Term Plan every three years. The last plan was for the period 2021-31, and a further plan was due to be prepared for the 2024-34 10 year period. However due to the uncertainty of the water services, Councils were able to prepare an enhanced annual plan for the 2024-25 year. This means that this Long Term Plan covers nine years and will be reviewed in two years.

At each review Council has considered particular activities that may need re-analysis and made incremental changes. Council changed the rating system to a capital value rating system in 2015 to better reflect the use of land. There have been no significant changes to this system.

Funding Sources for Operating Costs

Operating costs are the day-to-day spending that maintains the services delivered by Council. This includes contributions to the wear and tear on assets used (depreciation), interest charged on borrowing for capital projects and corporate overheads.

Council must consider the funding of each activity in a way that relates exclusively to that activity. Some activities may be best funded by user charges, such as swimming pool admission fees, others with targeted rates, such as a water rate, and others from the general rate, such as road maintenance. Distinct funding enables ratepayers or payers of other charges to assess more readily whether or not the cost of the service provided to them, either directly or indirectly, represents good value. They can also more easily determine how much money is being raised for the service and spent on the service, which promotes transparency and accountability. The funding sources for operating costs include:

User charges

User charges are used for services where there is a benefit to an individual or group. User charges is a broad group of revenue charged directly to an individual or entity. It includes:

- Entry fees
- Service charges
- Hire
- Rent, lease, licenses for land and buildings
- Permits
- Regulatory charges
- Fines and penalties
- Connection fees
- Disposal fees
- Deposits
- Private works
- Memberships
- Planning and consent fees
- Statutory charges
- Retail sales

The price of the service is based on a number of factors, including:

- The cost of providing the service.
- The estimate of the users' private benefit from using the service.
- The impact of cost to encourage/discourage behaviours.
- The impact of cost on demand for the service.
- Market pricing, including comparability with other councils.
- The impact of rates subsidies if competing with local businesses.

- Cost and efficiency of collection mechanisms.
- The impact of affordability on users.
- Statutory limits.
- Other matters as determined by Council.

Council's ability to charge user charges is limited by the powers conferred to it by many statutes and regulations. As a general rule fees for statutory functions should be set at no more than the cost of providing the service. In some cases legislation sets the fees at a level that is below cost and in other cases, where provided by legislation (e.g. Waste Minimisation Act 2008) Council may set fees at greater than the cost of providing the service. Council considers it appropriate to incorporate overhead charges in the determination of the cost of providing a service.

Where Council is charging for the sale of goods or services not required by statute, Council's preference is to charge a market price, having regard to the powers conferred by section 12. This includes leases, rents and licenses for land and buildings.

Fees and charges may be set by Council at any time and are reviewed by Council annually. A list of regular fees and charges is maintained on Council's website.

User charges revenue is allocated to the activity which generates the revenue.

Grants, sponsorship, subsidies and other revenue

Grants, sponsorship and subsidies are used where they are available. Many of these items are regular and predictable and therefore can be budgeted. Some items of other revenue are unexpected or unpredictable and may not be able to be prudently budgeted (e.g. reparation payments, Civil defence and other reimbursements, legal settlements and insurance pay-outs).

Council expects to continue receiving substantial subsidies for road maintenance from government or its agencies.

Investment revenue

Council has an Investment Policy which determines the types of investments Council has and procedures for the management of these. These investments generate revenue such as dividends, interest, forestry returns, rents and surpluses on disposal. The policy places some restrictions on the use of revenue generated from some investments.

Each source of revenue is receipted to the activity that owns the asset.

Council maintains reserves funds and much of the revenue received by Council is allocated to reserve balances and is not used to reduce rates requirements for operating costs.

Financial contributions

Council collects financial contributions under the Resource Management Act 1991. The purpose of these contributions is outlined in the Westland District Plan, the Te Tai o Poutini Plan, and Development and Financial Contributions Policy. Most contributions are made by vesting assets in Council. Some contributions are paid in cash and the Westland District Plan allows for some of these contributions to be used for operating expenses.

Council's approach is to deposit receipts into a reserve fund and to withdraw from that fund for specific projects. These projects are generally in addition to the normal operating budgets but may not meet the accounting definition of capital expenditure (e.g. the establishment of a garden).

The funds will be used for projects within the community rating zone where the funding originated.

Development contributions, proceeds from the sale of assets and lump sum contributions

Council does not collect revenue from lump sum contributions and development contributions to fund operating costs. Low value proceeds from sale of assets may be used to fund operating costs.

Reserve funds

Council maintains reserve funds. These cash reserves have generally come about from unspent rates, investment income, bequests or other revenue sources in a previous year. Many of these reserve funds are for capital expenditure however some of these reserve funds are available to meet operating costs.

Council generally uses these funds for the purposes that the reserve was created and usually for new projects additional to normal operating expenditure. Council at times may use these funds to minimise or smooth changes in rates.

Borrowing

Council may in exceptional circumstances borrow to fund operating costs where it is prudent to do so. Council has budgeted to not require borrowing for operating expenses, except as part of a major capital project, where accounting rules determine a project cost cannot be capitalised.

If an unexpected event occurs, Council has limited reserves and may during a financial year resolve to fund some operating expenses from borrowing.

Where Council has determined to smooth the rates short term borrowing may be required to cover expenditure, these circumstances are due to timing differences.

Rates

Having been prudent and appropriately exhausting all other funding sources, Council funds its remaining operating expenses from rates. For many activities this is the main funding source.

Council must determine whether the portion of an activity to be funded from rates is to be funded from a general rate or a targeted rate.

In doing this, while considering all the matters of section 101(3), Council placed emphasis on developing a simple more easily understood rating system. Council has taken the view that rates are more akin to a tax and are not a payment for services received.

As a result, the default stance is that an activity should be funded from the general rate unless Council determines a targeted rate is justified to more appropriately allocate the rates to a community or sector or connected property.

Summary of sources of funding for operating expenditure by activity

Council has developed the above preferences for the use of the funding sources after completing an activity analysis for each activity. The tables below describe the extent each funding source is used expressed in ranges. These ranges are expressed as a percentage of the cost of the activity.

Council budgets will normally be set within these ranges. As these ranges are expressed as a percentage of the cost of the activity they may change over time because of changes in expenditure rather than changes in revenue. Budgets are set within these ranges, it is however likely that actual funding sources may be different from budgeted funding sources due to unexpected events happening during a financial year. In years subsequent to 2025/2026, if budgets were marginally outside these ranges, it is unlikely that Council will consider this to be a matter with a high degree of significance. As such Council is unlikely to update the policy. Significant changes are required to have the policy updated and these may require to be consulted upon.

Infrastructure

Land Transport

Service provided	Community wellbeing outcomes	Who benefits / creates need?	Funding (operating and capital expenditure)
This activity provides and maintains the road and footpath network across the district, including bridges and street lighting.	<p>Sustainable environment</p> <p>Diverse economy</p> <p>Live and play</p> <p>Resilient infrastructure</p>	<p><i>Private Benefit:</i></p> <p>Users of the roads and footpaths accrue benefits. Industry and tourists receive significant benefit.</p> <p>Note: Subsidies from NZTA will be employed where possible.</p> <p><i>Community-wide Benefit:</i></p> <p>The whole community and visitors benefit from access to the roading and footpath network.</p>	<p>Grants, subsidies & other:</p> <p>40 - 60%</p> <p>Rates:</p> <p>General Rates 40 - 60%</p>

Drinking Water

Service provided	Community wellbeing outcomes	Who benefits / creates need?	Funding (operating and capital expenditure)
This activity provides for safe and effective abstraction of water from the source, and the treatment, storage and distribution of water to connected supplies	Sustainable environment Resilient infrastructure	<p><i>Private Benefit:</i></p> <p>Fees are charged to extraordinary water users and contributions are required from new developments within the District to recognise the benefits the user will receive.</p> <p><i>Community-wide Benefit:</i></p> <p>The whole community benefits through safe drinking water being provided in areas of the district that are serviced, maintenance of public health and availability of water for key public services (e.g. firefighting) and amenities (e.g. swimming pools).</p>	<p>Grants, subsidies & other</p> <p>0 - 20%</p> <p>Investment Income:</p> <p>0 – 20%</p> <p>Borrowing:</p> <p>0 – 20%</p> <p>Rates:</p> <p>Targeted Rates 80 - 100%</p>

Wastewater

Service provided	Community wellbeing outcomes	Who benefits / creates need?	Funding (operating and capital expenditure)
This activity provides for sewer services including the treatment and disposal of sewerage in townships throughout the District.	Sustainable environment Resilient infrastructure	<p><i>Private Benefit:</i></p> <p>Private benefit is provided to residents, businesses and industries able to connect to Council's sewer network and tradewaste scheme and dispose of wastewater. Only those connected or able to connect pay a Wastewater rate.</p> <p><i>Community-wide Benefit:</i></p> <p>There is community benefit provided through the health, economic and environmental benefits of having treated sewerage and industrial waste disposed of safely.</p>	<p>User fees:</p> <p>0 – 20%</p> <p>Rates:</p> <p>Targeted Rates 80 - 100%</p>

Stormwater

Service provided	Community wellbeing outcomes	Who benefits / creates need?	Funding (operating and capital expenditure)
This activity provides for reticulated stormwater to the township of Hokitika and roadside drainage to the remainder of the District.	Sustainable environment Resilient infrastructure	<p><i>Private Benefit:</i></p> <p>Private benefit is provided to residents, businesses in areas where stormwater facilities are provided and reduce risk from flooding for residents' properties and communities.</p> <p><i>Community-wide Benefit:</i></p> <p>Community-wide benefit accrues through protection of assets such as roads and public facilities, and by enabling safe transit for residents within the Hokitika area during rainfall events. There is also community-wide benefit through improved environmental outcomes in stormwater treatment.</p>	<p>Rates:</p> <p>Targeted Rates 100%</p>

Solid Waste

Service provided	Community wellbeing outcomes	Who benefits / creates need?	Funding (operating and capital expenditure)
This activity provides for the management of waste and recycling across the District, including the provision of transfer stations.	Sustainable environment Resilient infrastructure	<p><i>Private Benefit:</i></p> <p>Private benefit is accrued by individuals who use the transfer station to dispose of household and business waste, green waste and recycling.</p> <p><i>Community-wide Benefit:</i></p> <p>The whole community benefits from a system that enables waste separation, reduces illegal or incorrect disposal, encourages improved environmental outcomes and has a system in place for safe and efficient waste management, public health and improved environmental outcomes.</p>	<p>User charges:</p> <p>20 - 40%</p> <p>Rates:</p> <p>General Rates: 20 – 40%</p> <p>Targeted Rates 20 - 40%</p>

Planning and Regulatory Services

Consents and Compliance

Service provided	Community wellbeing outcomes	Who benefits / creates need?	Funding (operating and capital expenditure)
This activity provides for the administration of the Building Act, Food Act, Sale and Supply of Liquor Act and the Health Act, including processing and granting consents and licences, inspecting and monitoring building work and food and liquor premises across the district.	Sustainable environment Diverse economy Live and play Resilient infrastructure.	<p><i>Private Benefit:</i></p> <p>Consent and compliance services are provided by staff.</p> <p><i>Community wide benefit:</i></p> <p>Benefits the whole community by as consent and compliance services cater for current and future development, and provides residents with assurance that the environment they work and live in is safe and</p>	<p>Rates:</p> <p>General Rates 40 – 60%</p> <p>User charges: 20-40%</p> <p>Various fees and charges relating to building control and environmental health activities.</p> <p>Grants, subsidies & other 0 -20%</p>

		monitored in accordance with regulations.	
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Responsible Camping

Service provided	Community wellbeing outcomes	Who benefits / creates need?	Funding (operating and capital expenditure)
This activity provides for the administration of the Freedom Camping Act	Sustainable environment Live and play	<p><i>Private Benefit:</i></p> <p>Compliance services are provided by staff.</p> <p>Fees are charged to recognise the direct benefit the applicant receives.</p> <p><i>Community wide benefit:</i></p> <p>Benefits the whole community by as monitoring responsible camping activities provides residents with assurance that the environment they work and live in is safe and monitored in accordance with regulations.</p>	<p>Grants, subsidies & other</p> <p>100%</p>

Resource Management

Service provided	Community wellbeing outcomes	Who benefits / creates need?	Funding (operating and capital expenditure)
<p>This activity provides for the administration of the District Plan and the Te Tai o Poutini Plan, and all aspects of the resource consenting process and other district planning requirements, including receiving and processing the applications, monitoring consents and responding to public enquiries, and other permissions</p>	<p>Sustainable environment</p> <p>Diverse economy</p> <p>Embracing our culture</p> <p>Live and play</p> <p>Resilient infrastructure</p>	<p><i>Private Benefit:</i></p> <p>Fees are charged to recognise the direct benefit the applicant receives.</p> <p><i>Community wide benefit:</i></p> <p>Benefits the whole community by promoting sustainable management of natural and physical resources for present and future generations.</p> <p>Resource consents mainly benefit the individuals who require them. However, the wider district benefits through ensuring the environment is managed in accordance with the provisions of resource management legislation.</p>	<p>Rates:</p> <p>General rates: 80 - 100 %</p> <p>User charges: 0 - 20%</p>

Emergency Management

Service provided	Community wellbeing outcomes	Who benefits / creates need?	Funding (operating and capital expenditure)
<p>This activity provides for the development of resilient communities through planning, training, education, co-ordination with partner agencies.</p>	<p>Embracing our culture</p> <p>Resilient infrastructure</p>	<p><i>Community wide benefit:</i></p> <p>The primary benefit is to the people and property of the whole district, enabling planning to mitigate the harm, and to recover from emergencies.</p>	<p>Rates:</p> <p>General rates: 100%</p>

Animal Control

Service provided	Community wellbeing outcomes	Who benefits / creates need?	Funding (operating and capital expenditure)
This activity provides for animal control services including the confining of stray animals and managing aggressive animals.	Live and play	<p><i>Private Benefit:</i></p> <p>The owners of animals, particularly dogs, benefit from, and create the need for this activity.</p> <p><i>Community-wide Benefit:</i></p> <p>The whole community benefits from this activity minimising the negative impact of wandering and aggressive animals.</p>	<p>User charges:</p> <p>40 -60%</p> <p>Dog registrations, impounding, infringement and other fees and fines.</p> <p>Rates:</p> <p>General rates: 40 - 60%</p>

Community Services

Community Development and Assistance

Service provided	Community wellbeing outcomes	Who benefits / creates need?	Funding (operating and capital expenditure)
This activity provides for funding, by way of grants and loans, to support individuals, community groups, facilities and events. This activity also administrates Safer Westland.	<p>Live and play</p> <p>Embracing our culture</p>	<p><i>Private Benefit:</i></p> <p>Recipients of the grants and loans receive the primary benefit.</p> <p><i>Community-wide Benefit:</i></p> <p>The funding criteria for the grants and loans is designed to support groups which provide benefits through their activities to the whole community.</p>	<p>Rates:</p> <p>General Rates: 60 - 80%</p> <p>Targeted Rates: 20 - 40 %</p> <p>Grants, subsidies & other</p> <p>0 - 20%</p>

Community Halls

Service provided	Community wellbeing outcomes	Who benefits / creates need?	Funding (operating and capital expenditure)
This activity manages and maintains community halls.	Live and play Embracing our culture Resilient infrastructure	<p><i>Private Benefit:</i></p> <p>The users of the halls accrue benefits.</p> <p><i>Community-wide Benefit:</i></p> <p>The whole community benefits from the provision of halls for recreation, events and civil defence.</p> <p>Note: Much of the revenue generated by community halls is collected by the committees who manage them.</p>	<p>Rates:</p> <p>General Rates: 20 - 40%</p> <p>Targeted Rates: 60 - 80%</p>

Township Development Fund

Service provided	Community wellbeing outcomes	Who benefits / creates need?	Funding (operating and capital expenditure)
This activity provides funding that is managed by local community associations and trusts.	Live and play Embracing our culture	<p><i>Private Benefit:</i></p> <p>Economic benefits accrue to private businesses are well maintained and alive with demonstrable community spirit.</p> <p><i>Community-wide Benefit:</i></p> <p>The District benefits from communities taking ownership of local projects. The volunteer contribution is significant.</p>	<p>Rates:</p> <p>Targeted Rates: 100%</p>

Facilities, and Leisure Services

Cemeteries

Service provided	Community wellbeing outcomes	Who benefits / creates need?	Funding (operating and capital expenditure)
This activity provides for the maintenance and development of cemeteries across the district, including burials and interments.	Sustainable environment Embracing our culture Resilient infrastructure	<p><i>Private Benefit:</i></p> <p>Users of the cemetery, largely family and friends of the deceased, receive the primary benefit.</p> <p><i>Community-wide Benefit:</i></p> <p>The whole community benefits through the provision of sanitary interments maintaining the District's social history and heritage, and peaceful, and well maintained public spaces.</p>	<p>Rates:</p> <p>General Rates: 80 - 100%</p> <p>User charges:</p> <p>0 – 20%</p>

Land and Buildings

Service provided	Community wellbeing outcomes	Who benefits / creates need?	Funding (operating and capital expenditure)
This activity provides and maintains a land a building portfolio of the benefit of the community.	Live and play Resilient infrastructure	<p><i>Private Benefit:</i></p> <p>Users of the assets accrue benefits.</p> <p><i>Community-wide Benefit:</i></p> <p>The whole community benefits through affordable management of community spaces.</p>	<p>Rates:</p> <p>General Rates: 80 - 100%</p> <p>Other revenue:</p> <p>0 – 20%</p>

Library

Service provided	Community wellbeing outcomes	Who benefits / creates need?	Funding (operating and capital expenditure)
This activity provides and maintains the Westland District library service, including library books, resources and other services.	Live and play Embracing our culture	<p><i>Private Benefit:</i></p> <p>Users of the library accrue benefits.</p> <p><i>Community-wide Benefit:</i></p> <p>The whole community benefits from the access to the district library through access to information, community resources and a hub for social interaction.</p>	<p>Rates:</p> <p>General Rates: 80 - 100%</p> <p>Grants, subsidies & other</p> <p>0 – 20%</p> <p>User charges:</p> <p>0 – 20%</p>

Museum

Service provided	Community wellbeing outcomes	Who benefits / creates need?	Funding (operating and capital expenditure)
This activity provides for management of the Hokitika Museum facility and services, including displays, archives and research services.	Live and play Embracing our culture	<p><i>Private Benefit:</i></p> <p>Users of the museum service accrue benefits.</p> <p><i>Community-wide Benefit:</i></p> <p>The whole community benefits from the access to the Hokitika Museum through cultural enrichment, education and preservation of district heritage.</p>	<p>Rates:</p> <p>General Rates 80 -100%</p> <p>User charges:</p> <p>0 – 20%</p>

Parks and Reserves

Service provided	Community wellbeing outcomes	Who benefits / creates need?	Funding (operating and capital expenditure)
This activity provides and maintains parks, reserves, and sports grounds.	Sustainable environment Live and play Embracing our culture	<p><i>Private Benefit:</i></p> <p>Individuals and groups that use parks and sporting facilities accrue benefits. Fees are charged to recognise this benefit.</p> <p><i>Community-wide Benefit:</i></p> <p>The whole community benefits from provision and access to parks facilities across the district such as for active and passive recreational pursuits, health, education and wellbeing. Facilities contribute to community pride and perception of the district.</p>	<p>Rates:</p> <p>General Rates 0 – 20%</p> <p>Targeted Rates 80 - 100%</p> <p>User Charges:</p> <p>0 – 20%</p> <p>Reserves Funds:</p> <p>0 – 20%</p>

Public Toilets

Service provided	Community wellbeing outcomes	Who benefits / creates need?	Funding (operating and capital expenditure)
This activity provides and maintains public toilets across the district.	Sustainable environment Live and play Resilient infrastructure	<p><i>Private Benefit:</i></p> <p>Users of the public toilets, including visitors to the district benefit, and create the need for this activity.</p> <p><i>Community-wide Benefit:</i></p> <p>The whole community benefits through the provision of public toilets and maintaining public hygiene.</p>	<p>Rates:</p> <p>General Rates 100%</p>

Swimming Pools

Service provided	Community wellbeing outcomes	Who benefits / creates need?	Funding (operating and capital expenditure)
This activity maintains and manages the Hokitika Memorial Swimming Pool and maintains the Ross Swimming Pool.	Live and play Embracing our culture Resilient infrastructure	<i>Private Benefit:</i> Users of the swimming pool accrue benefit from this activity. <i>Community-wide Benefit:</i> The whole community benefits from the provision of swimming pools in the district.	Rates: Targeted Rates 100%

Visitor Information Services

Service provided	Community wellbeing outcomes	Who benefits / creates need?	Funding (operating and capital expenditure)
This activity provides and manages visitor information services for the District.	Diverse economy Live and play Embracing our culture	<i>Private Benefit:</i> Users of the visitor information services accrue benefit from this activity. <i>Community-wide Benefit:</i> The District economy benefits from the promotion of local businesses and services, which provides employment for local residents.	Rates: Targeted Rates 100%

West Coast Wilderness Trail

Service provided	Community wellbeing outcomes	Who benefits / creates need?	Funding (operating and capital expenditure)
This activity provides and maintains the West Coast Wilderness Trail cycleway from Taramakau to Ross.	Sustainable environment Diverse economy Live and play Resilient infrastructure	<p><i>Private Benefit:</i></p> <p>Users of the walkways and cycleways accrue benefits.</p> <p><i>Community-wide Benefit:</i></p> <p>The whole community benefits from the provision of walkways and cycleways for recreational and commuting purposes.</p> <p>Note: Council is unable to charge users under the terms of Ngā Haerenga, New Zealand Cycle Trails Fund.</p>	<p>Rates:</p> <p>Targeted Rates 100%</p>

Leadership

Democracy

Service provided	Community wellbeing outcomes	Who benefits / creates need?	Funding operating expenditure
This activity supports and guides all activities carried out by Council and includes all work associated with elected members, governance functions, community engagement, leadership for direction setting, advocacy to central government and partnering with external agencies and Iwi.	Embracing our culture Diverse economy	<p><i>Community wide benefit:</i></p> <p>The district as a whole benefits from the process and advocacy of ratepayers and community interests, the setting of policy and decisions made by Council.</p>	<p>Rates:</p> <p>General Rates 80 – 100%</p>

Corporate Services

Service provided	Community wellbeing outcomes	Who benefits / creates need?	Funding (operating and capital expenditure)
This activity supports all activities carried out by Council and includes community engagement, communications, strategy, policy and plan development, elections, finance, performance and accountability reporting, Land Information Memoranda and customer service.	Embracing our culture Diverse economy	<p><i>Private Benefit:</i></p> <p>Fees are charged to recognise the direct benefit the individual receives.</p> <p><i>Community wide benefit:</i></p> <p>Benefits the whole community by supporting communication and engagement for all residents.</p>	<p>Rates:</p> <p>General Rates 80 – 100%</p> <p>User charges: 0 – 20%</p>

Council Controlled Organisations

Council Controlled Organisations

Service provided	Community wellbeing outcomes	Who benefits / creates need?	Funding (operating and capital expenditure)
Council delivers services that require a more commercial focus through Council Controlled Organisations (CCOs).	Diverse economy	<p><i>Private Benefit:</i></p> <p>Allows Council to undertake commercial activities with governance provided at arm's length, without impacting on Council's core services and provision of key infrastructure.</p> <p><i>Community-wide Benefit:</i></p> <p>The whole community benefits from the professional oversight and accountability of the CCO governance function.</p> <p>Financial distributions are offset rate requirements.</p> <p>Westroads Ltd is a key employer in the Westland District.</p> <p>Hokitika Airport facilitates accessible travel to and from the region.</p>	<p>Investment Income:</p> <p>100%</p>

Wildfoods Festival and Events

Service provided	Community wellbeing outcomes	Who benefits / creates need?	Funding (operating and capital expenditure)
Wildfoods Festival is managed and delivered by Destination Westland as the premier festival	Diverse economy	<p><i>Private Benefit:</i></p> <p>Private benefit is accrued by users of the service.</p> <p><i>Community-wide Benefit:</i></p> <p>The District's economy benefits from the visitors who attend the festival,</p>	<p>Rates:</p> <p>Targeted Rates 80 - 100%</p>

		and recommend visiting Westland to others.	
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Funding Sources for Capital Costs

Capital costs are those costs associated with the purchase and improvement of assets and for the repayment of debt. The funding sources for capital costs include:

User charges

User charges are generally not available for capital costs as individual user contributions would generally be too large to be affordable. Borrowing and charging users annually for financing costs (interest and principal) via rates is often a more affordable method of charging users contributions.

Council does charge for capital works that are solely for private benefit (e.g. a network extension to a single dwelling) or where capital works are undertaken outside of asset management plans at the request of individuals (e.g. a rural seal extension for dust suppression).

Grants, subsidies, and other revenue

Council relies on a significant subsidy for capital works in its roads and bridges activity. Other activities are able to access grants and subsidies from time to time. Other revenue can be from many and varied sources and is unlikely to be predictable enough to budget for in advance. Other revenue used to fund capital expenditure could include bequests, insurance payouts, and legal settlements.

Grants, subsidies and other revenue are used wherever they are available.

Development contributions

Council has chosen not to collect development contributions.

Financial contributions

Council collects financial contributions under the Resource Management Act 1991. The purpose of these contributions is outlined in the Westland District Plan, Te Tai o Poutini Plan and Development and Financial Contributions Policy. Most contributions are received as revenue by the vesting of assets in Council; some contributions (reserve contributions) are paid to Council.

Council's approach is to deposit receipts into a reserve fund and to draw funds from that account for specific projects that meet the purpose for which the funds were collected.

Council has a Development and Financial Contributions Policy that, in addition to the requirements of sections 101(3) and 103 describes funding matters further as stipulated by section 106(2)(c).

Proceeds from the sale of assets

From time to time Council disposes of assets. Many of these are low value items and the revenue is received by the activity that owns the assets.

Council's property activity holds some higher value assets that are intended for sale. Unrestricted proceeds from the sale of these assets will be used to repay debt, unless resolved otherwise by Council. Restricted revenues will be placed in a reserve fund and used for the purpose required by the document that imposes the restriction (e.g. endowments).

Reserve funds

Council maintains various reserve funds for capital projects and will approve the use of the funds when a project meets the specific criteria for the reserve. These reserve funds may include bequests, depreciation or asset renewal reserves and financial contribution reserves.

Borrowing

For larger capital projects that provide a long-term benefit to the community, Council may determine that borrowing the funds is an appropriate method of allocating the costs of a project over time to users.

Borrowing, both the capital (principal) and interest components, is generally repaid by future rates or from depreciation reserves. Council may resolve to capitalise interest repayments on some debt, where it considers it most likely (prudent) that another funding source (e.g. property sales or grants) will be able to repay the accumulating debt.

Where it is not practical to obtain third party revenue and where reserve funds haven't previously been set aside, Council prefers borrowing as a funding source. Borrowing spreads the cost of the project over a longer period, smoothing changes in rates and contributing to intergenerational equity.

Lump sum contributions

Council has the option when undertaking a major project to seek lump sum contributions to the capital cost of the project from those who are identified in the projects 'capital project funding plan'³. Lump sum contributions are provided for in the Local Government (Rating) Act 2002 and have stringent requirements placed on how they are used. Where a lump sum payment option is proposed ratepayers choose to participate or not. Council has previously used these provisions and may do so in the future.

Council will consider for major projects, requiring funding from borrowing, whether it wishes to seek lump sum contributions.

Rates

Rates are used firstly to fund the day to day operational expenses including depreciation and borrowing interest costs. A portion of rates funds the capital (principal) repayments of debt where there are no depreciation reserves, generally using table loan calculations. Rates will be used to fund some small items of capital expenditure. Rates are not a practicable method to fund large projects in the year of expenditure.

Council funds some capital projects, for maintaining service levels, in advance by collecting rates for depreciation (an operating expense). These funds are placed into depreciation or asset renewal reserve funds.

Analysis for capital expenditure by activity

Council has developed the above preferences for the use of the funding sources for capital costs after completing an activity analysis for each activity. Council will fund capital costs on the same basis as determined by the operating costs funding policy, unless Council resolves otherwise. Such a resolution that follows the following funding guidelines will be considered consistent with this policy and not require amendment to the policy. It is not practicable to determine a funding policy for an unknown future project at this time.

Council uses the following guidelines when considering the funding of capital projects:

- All projects are first funded from grants, subsidy or other revenue.

³ Local Government (Rating) Act 2002 - s.117A

- Renewal projects that maintain the same service level are then funded from reserves set aside for this purpose.
- Other reserve funds (e.g. financial contributions) are considered.
- Lump sum rating options are considered.
- Capital projects that have exhausted previous funding sources or are for new or increased service levels or for growth are then funded from borrowing.

A single project may have a mix of each of these funding options.

Generally, it is not practical to create separate funding policies for each and every capital project. Council will only do this when a project is particularly large, affects a particular group or does not fit with an existing funding policy or activity. Whenever Council resolves to consider funding for a capital project Council will consider the sources of funds above and the guidelines for applying those to a capital project. Generally, Council will resolve the funding policy at the time the project is proposed in an Annual Plan or Long-term Plan.

Overall impact funding considerations

Council is required by section 101(3)(b) to consider the overall impact of the allocation of liability for revenue needs on the community. It allows Council, as a final measure, to modify the overall mix of funding in response to these considerations.

1. Council may use accounting provisions and reserve funds to spread the costs of activities over multiple years for the purpose of smoothing the cost to users and ratepayers.
2. While an unbalanced budget is neither prudent nor sustainable in the long term, Council may choose to not fund some operating costs in the short term:
 - a. In order to phase costs and set rates at affordable levels.
 - b. Where short term expenditure [projects] is expected to deliver long term savings
3. Council may waive or discount fees and charges where it considers it appropriate to do so. Some matters Council may consider in deciding whether it is appropriate to waive fees are for social reasons, for the promotion of events and facilities, for commercial reasons, or to compensate for poor service.
4. Council may remit rates where it considers it appropriate to do so and as documented in the Rates Remissions Policy. These policies address social matters as well as adjusting rates for benefits that differ for some rates assessments (e.g. additional or no provision of some services).
5. Council having determined to use a differentiated rate will modify the rate to adjust the rate for different rating categories. This adjustment is complex and takes account of the matters raised in paragraph two of the introduction to this policy.

Rates

Council's final consideration of revenue and financing policy for rates comes:

- After consideration of how the funding source will be used to fund operating and capital costs, and
- After that has been applied to activities by considering their funding needs, and
- After being adjusted for the overall funding considerations.

The following section outlines the revenue and financing policy requirements that are relevant to setting rates. To have a full understanding of rates they should be read having regard to the analysis above and in conjunction with the Rating Policy, Funding Impact Statement and Rates Resolution.

General rates

Council has chosen to have two general rates; a uniform annual general charge (UAGC) and a general rate based on the value of the property.

Council has chosen capital value as the basis by which to calculate the general rate and to apply a differentiated general rate based on the use of a rating unit. The Rating Policy documents how Council calculates the general rate differentials.

Council has determined in this policy that all or part of the following activities should be funded from the general rate.

- Democracy
- Corporate services
- Consents and compliance
- Resource management
- Civil Defence Emergency Management
- Animal control
- Community Development and Assistance
- Community Halls
- Library
- Museum
- Parks and Reserves
- Public toilets
- Land and Buildings
- Cemeteries
- Land Transport
- Solid Waste
- Council owned utilities

The UAGC is assessed on each rateable rating unit and is used to fund all activities funded from general rates. The Rating Policy document describes how Council calculates the UAGC.

Targeted rates

Council has determined in this policy that all or part of the following activities should be funded from targeted rates:

- Community Development and Assistance
- Community Halls
- Township Development Fund
- Swimming Pools
- Visitor Information Services
- Parks and Reserves
- Land and Buildings
- West Coast Wilderness Trail
- Drinking Water
- Wastewater
- Stormwater
- Solid Waste

In funding the above activities from targeted rates Council uses the following types of targeted rates. More information on the calculation of each rate, including the percentage of the rate requirement of an activity to be collected for each rate and the rating area maps, can be found in the Rating Policy.

Name	Activities funded
Community rates	Activities where Council considers every property in a community zone receives a benefit.
Tourism promotions rate	Tourism promotion activities where Council considers businesses should contribute a greater portion.
Refuse collection rate	To fund the cost of kerb-side refuse collection, recycling and disposal.
Water rates	To fund water supply.
Sewerage rates	To fund wastewater treatment and disposal.
Kokatahi / Kowhitirangi special targeted rate	To fund projects in the Kokatahi community.
Kaniere sewerage capital contribution rate	To recover the capital cost of the extension of the sewerage system to Kaniere.

Hannahs Clearing water supply capital repayment rate	To recover the cost of installing water supplies.
Hokitika area promotions rate	To fund Destination Hokitika.
Franz Josef Glacier / Waiau and Fox Glacier – Glacier Township Development Rate	To fund Community Development Officers.
Emergency Management Fund rate	To accumulate a reserve in case of an emergency.

Differentiation by Use

Council has chosen to differentiate the general rate and each community rate using the following categories of use:

- Residential
- Rural Residential
- Commercial
- Rural

Each year Council will determine the rating differential factors when it adopts its Rating Policy prior to the adoption of the Funding Impact Statement as part of an Annual Plan or Long-term Plan.

When setting the differential Council shall consider the following matters to determine the appropriate rating differential factors:

- Council's approach to rates funding as documented in this Revenue and Financing Policy.
- The activities funded by each rate.
- The effect (if applicable) of changes in valuations.
- The rates differentials and revenue collected from each sector for the previous year and the implications of changing those differentials as it affects individual ratepayers.
- For community rates the mix of properties and nature of services funded in each community.